Weekly Economic Review

Housing market remains soft

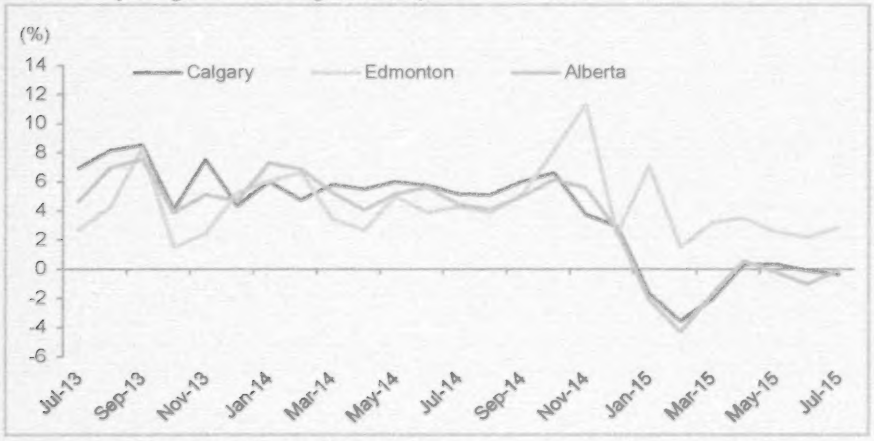
Resale Sales

Still weak despite gains

Alberta's resale market experienced some monthly gains in July for sales and new listings, but levels are still lower than a year ago. Alberta sales were up 2.1% in July, but down 16% year-over-year (y/y), while new listings were up 5.9%, but down 6.4% y/y. July monthly gains originated in Edmonton, where sales jumped 2.9% and new listings rose 11%. The average resale price in Alberta was down 0.1% y/y (Chart 1), pulled down by Calgary prices. Edmonton resale prices have held up better, up 2.8% y/y. The sales-to-new listings ratio across Alberta was 58%, indicating a balanced market.

Chart 1: Average resale pricess were pulled lower by Calgary

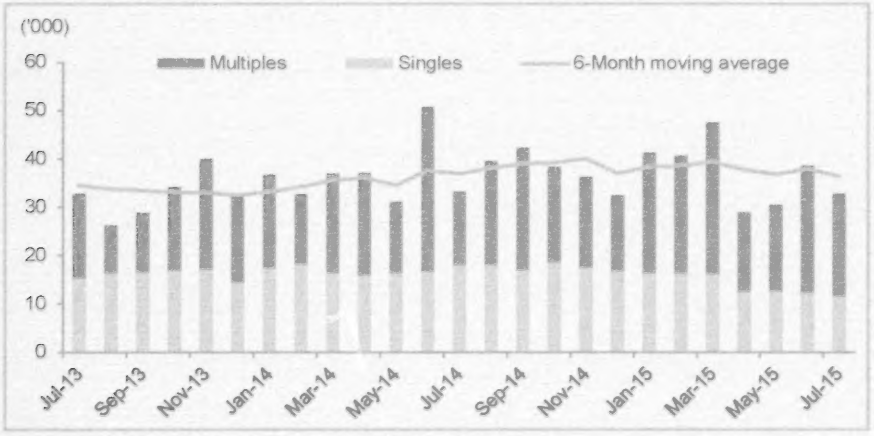
Year-over-year growth average resale price



Source: Canadian Real Estate Association

Chart 2: Single-unit starts have slowed substantially

Alberta urban housing starts



Source: Canada Mortgage and Housing Corporation

Sales across Canada were up 3.0% y/y in July and new listings were down 2.1% y/y. The average Canadian resale price was up 9.1% y/y, pulled up price increases in British Columbia and Ontario.

Housing Starts

Starts drift lower

Alberta housing starts fell 14% to 35,777 (annualized) in July, declining 5.6% from July 2014. The year-over-year decline was due to continued weakness in single-unit starts (Chart 2), which were down 36% y/y. Despite housing starts in Edmonton rising 50% year-to-date (YTD), Alberta housing starts were down 0.2% YTD, in large part, because of a 30% decline in Calgary.

Housing starts across Canada fell 4.6%, totaling 193,032 in July, a decline of 5.1% y/y.

New Housing Price Index

Flattening prices

The Alberta New Housing Price Index (NHPI) held steady in June, unchanged from the previous two months. Prices grew just 0.5% y/y. Due to the stronger price growth at the beginning of 2015, Alberta NHPI was up 1.6% year-to-date. The fall in NHPI growth continues to be precipitated by Calgary. Calgary's NHPI growth was up only 0.7% y/y, substantially lower than the 7% average growth seen in 2014.

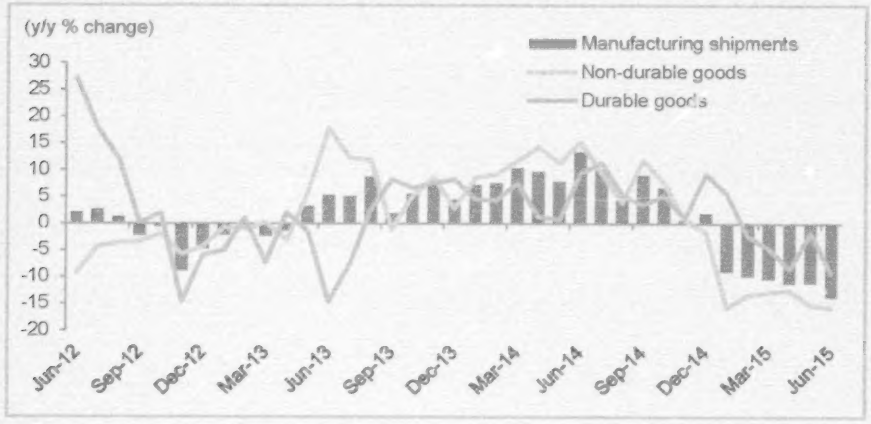
Edmonton's NHPI has oscillated around the same level since September 2014, with growth at 0.4% y/y in June.

Manufacturing Sales

Shipments remain weak

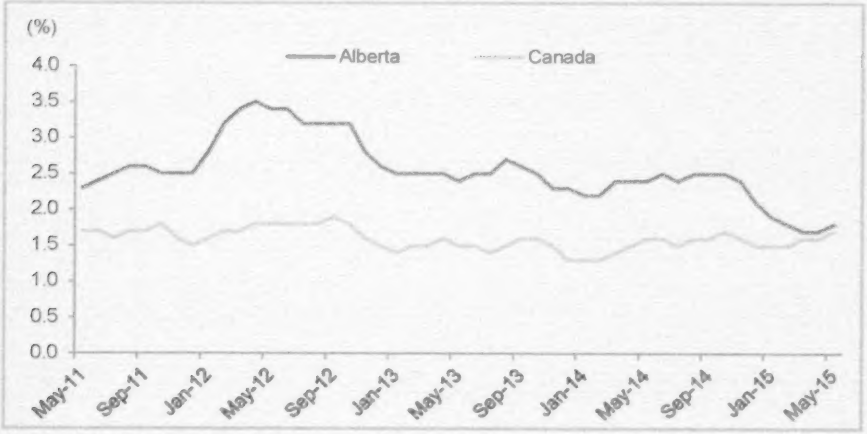
Manufacturing shipments in Alberta were up by 1.9% in June to $6.0 billion. However, shipments were down significantly compared with last year, falling 14 y/y (Chart 3). Shipments have consistently been lower in 2015 relative to 2014, with year-to-date shipments down by 11%. Petroleum and coal products were significant contributors to this decline, with shipments declining by 38% y/y and 36% YTD.

Chart 3: Broad weakness in Alberta manufacturing
Year-over-year change in manufacturing shipments



Source: Statistics Canada

Chart 4: The job vacancy rate has fallen towards the national average
Job vacancy rate (3-month moving average)



Source: Statistics Canada

Other goods have also declined over last year including machinery, and fabricated metal manufacturing.

Job Vacancies

Leveling off

After falling consistently since October, job vacancies have flattened out (Chart 3), averaging 34,900 per month over the three months ending in May. There were 13,900 fewer job vacancies than a year prior, the sixth consecutive month of year-over-year declines. The job vacancy rate, or proportion of positions that were unfilled, was 1.8%, approximately the level of previous months. The ratio of unemployment-to-job vacancies increased to 4.3, almost double last year's level.

Across Canada, there were 248,800 job vacancies in the three months ending in May, an increase of 4.1% y/y or nearly 10,000 more vacant positions. The job vacancy rate was 1.7%.

Oil and gas production

Oil production down in May

Alberta's May oil production dropped below 2014 levels, falling 4.9% y/y, the largest decline since May 2011. Maintenance shutdowns and forest fire-related evacuations disrupted production. Synthetic production was especially affected, declining 15% y/y as two upgrading facilities went offline for maintenance. There was continued weakness in conventional oil extraction, which fell 9.0% y/y. Natural gas production was up 2.1% y/y, leading to stronger exports. Through the first five months of 2015, oil production was up 4.9% over the same period last year, while natural gas production was down by 3.1%.

Contact

Kailer Mullet 780.427.7391

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.